SENATE BILL No. 226

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-12-6.

Synopsis: University bonds for research and technology. Adds software and related capital costs for the operation of a building facility to the costs that may be included in a state educational institution's bond issue for a capital project. Provides that bonds may be issued by a state educational institution for equipment, software, and other capital purposes related to operating a building facility without the approval of the general assembly if, after the issuance, the total amount of bonds outstanding will not exceed $10,000,000. Increases the cap on the amount of bonds that a state educational institution may have outstanding for qualified energy savings projects from $10,000,000 to $20,000,000. Authorizes a state educational institution to issue bonds without the approval of the general assembly for: (1) certain technology expenditures; and (2) projects in which a gift, grant, or reimbursement is available to repay the bond. Makes related changes.

Effective: Upon passage.

Simpson

January 8, 2007, read first time and referred to Committee on Appropriations.

Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 226

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 20-12-6-1.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.2. (a) In addition to the powers set forth in section 1 of this chapter, the corporations may:

(1) acquire, erect, construct, reconstruct, improve, rehabilitate, remodel, repair, complete, extend, enlarge, furnish, and operate any equipment that the governing boards of the corporations consider necessary for:

(A) carrying on the educational research or public service programs or discharging the statutory responsibilities of the educational institutions and their various divisions; or

(B) the management, operation, or servicing of the institutions; and

(2) establish liability or other loss insurance reserves or contribute those reserves or other capital to a risk retention group for the purpose of providing insurance coverage against liability claims.

(b) As used in this chapter:

(1) "building facility" includes:
(A) **capital** equipment;
(B) software; and
(C) other costs;
that directly relate to operating the building facility, as determined under accounting principles approved by the state board of accounts;
(2) "liability or other loss insurance reserves" means a fund set aside as a reserve to cover risk retained by the corporation in connection with liability claims or other losses;
(3) "risk retention group" means a trust, pool, corporation, partnership, or joint venture funded by and owned and operated for the benefit of more than one (1) eligible member;
(4) "eligible members" includes the corporations and all private institutions of higher education (as defined in IC 20-12-63-3); and
(5) "liability" means legal liability for damages (including costs of defense, legal costs and fees, and other claims expenses) because of injuries to other persons or entities, damage to their property or business, or other damage or loss to those persons or entities resulting from or arising out of any activity of any eligible member.

SECTION 2. IC 20-12-6-17, AS AMENDED BY P.L.192-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Except for notes issued under section 8.5 of this chapter and except as provided in subsections (e) through ~~(g),~~ **(i),** no bonds shall be issued for a project by the corporations under this chapter unless the general assembly:
(1) has specifically approved the project to be financed through the issuance and sale of these bonds; and
(2) has provided the amount of bonds which may be issued to fund the costs of acquiring, constructing, remodeling, renovating, furnishing, or equipping the specific project approved.

(b) In addition to and in connection with the amount of bonds that may be issued by a corporation for a specific project as provided in subsection (a)(2), the corporations may also issue bonds in amounts necessary to provide funds for debt service reserves, bond or reserve insurance, and other costs without additional approval by the general assembly, if these costs are incidental to the issuance of bonds for the project.

(c) The bonds, regardless of when the amount of bonds was approved by the general assembly, may be issued in an amount not exceeding:

(1) the amount of bonds approved by the general assembly together with the amounts described in subsection (b); plus

(2) the amount of the discount below par value, if bonds are sold at a price below par value under IC 4-1-5-1.

(d) As used in this subsection, "fee replacement" means payments to a corporation to be used to pay indebtedness resulting from financing the cost of planning, purchasing, rehabilitation, construction, repair, leasing, lease-purchasing, or otherwise acquiring land, buildings, facilities, and equipment to be used for academic and instructional purposes. A power granted under this section to issue bonds without the specific approval of the general assembly shall not be construed to permit the issuance of the bonds without the specific approvals required under section 16 of this chapter. Bonds issued without the specific approval of the general assembly are not eligible for fee replacement.

(e) Bonds may be issued by a corporation **for equipment, software, and other costs described in section 1.2(b)(1) of this chapter** without the approval of the general assembly if, after the issuance, the total amount of outstanding bonds issued by the corporation **for those purposes** without approval will not exceed ~~two~~ **ten** million dollars ~~($2,000,000). However, the bonds must be approved as provided in section 16 of this chapter.~~ **($10,000,000).**

(f) Bonds may be issued by a corporation without the approval of the general assembly to finance a qualified energy savings project (as defined in IC 20-12-5.5) if annual operating savings to the corporation arising from the implementation of a qualified energy savings project are reasonably expected to be at least equal to annual debt service requirements on bonds issued for this purpose in each fiscal year. However, the amount of bonds outstanding for the corporation at any time for qualified energy savings projects, other than refunding bonds and exclusive of costs described in subsections (b) and (c), may not exceed ~~ten~~ **twenty** million dollars ~~($10,000,000).~~ **($20,000,000).**

(g) Bonds may be issued by the trustees of Purdue University without the approval of the general assembly for deferred expenditures, as determined under accounting principles approved by the state board of accounts, to:

(1) repair, rehabilitate, remodel, renovate, or reconstruct existing facilities or buildings;

(2) improve or replace utilities or fixed equipment; or

(3) perform related site improvement work.

However, the total amount of bonds issued for the corporation under this subsection without the approval of the general assembly, other than refunding bonds and exclusive of costs described in subsections (b) and (c), may not exceed sixty million dollars ($60,000,000).

(h) Bonds may be issued by a corporation without the approval of the general assembly for technology expenditures, including:

(1) computer and telecommunications hardware, computer and telecommunications software, wiring and computer networks, and support equipment; and

(2) related expenditures, such as installation and other similar capitalizable costs.

(i) Bonds may be issued by a corporation without the approval of the general assembly to finance the purchase or lease-purchase of land or the construction of facilities or buildings if all the following apply:

(1) The corporation has received written contractual and legally binding commitments for gifts, grants, or reimbursements that in total are sufficient to repay the bonds.

(2) Other available funds of the corporation are sufficient to make interest payments in the bonds until the gifts, grants, or reimbursements mature and the bonds are repaid.

(3) The gifts, grants, or reimbursements are payable under the terms of the agreements on specific dates and are not contingent on the donor's life expectancy.

(4) The gifts, grants, or reimbursements must be payable to the corporation in the form of cash or cash equivalents.

(5) The gifts, grants, or reimbursements are not subject to any condition that would prevent the corporation from using the gifts, grants, or reimbursements to repay bonds issued under this subsection or to repay the corporation for any interest payments made by the corporation.

SECTION 3. **An emergency is declared for this act.**